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14
15 **IN THE UNITED STATES DISTRICT COURT**
16 **FOR THE DISTRICT OF NEVADA**

17 RB PRODUCTS, INC.,

18 Plaintiff,

19 v.

20 RYZE CAPITAL, L.L.C.; ENCORE DEC,
21 L.L.C.; RYZE RENEWABLES RENO,
L.L.C.; RYZE RENEWABLES, L.L.C.;
22 MICHAEL BROWN; CHRIS DANCY; RESC,
L.L.C.; RYZE RENEWABLES LAS VEGAS,
23 L.L.C.; MATT PEARSON; AND RANDY
24 SOULE,

25 Defendants.

Civil Action No. _____

COMPLAINT

JURY TRIAL DEMANDED

26
27 Plaintiff RB Products, Inc. ("RB Products") files this Complaint against Ryze Capital,
28 L.L.C., Encore DEC, L.L.C., Ryze Renewables, L.L.C., Ryze Renewables Reno, L.L.C., RESC,

1 L.L.C., Michael Brown, Chris Dancy, Ryze Renewables Las Vegas, L.L.C., Matt Pearson, and
2 Randy Soule, and allege as follows:

3 I.

4 **PRELIMINARY MATTERS**

5 1. RB Products, Inc. is a Texas corporation with its principal place of business in
6 Harris County, Texas.

7 2. Defendant Ryze Capital Partners, L.L.C. is a Wyoming limited liability company
8 with its principal place of business in California. It may be served with process via its registered
9 agent, Wyoming Corporation Service, Inc., 1005 Country Club Ave, Cheyenne, WY 82001.

10 3. Defendant Encore DEC, L.L.C. is a Nevada limited liability company with its
11 principal place of business in Nevada. It may be served with process via its registered agent,
12 Maupin, Cox, & Legoy, P.C., 4785 Caughlin Parkway, Reno, NV 89520. Upon information and
13 belief, its sole member is Randy Soule.

14 4. Defendant RESC, L.L.C. is a Nevada limited liability company with its principal
15 place of business in Nevada. It may be served with process via its registered agent, Randall
16 Soule, 16640 Wedge Parkway, Reno, NV 89511.

17 5. Defendant Ryze Renewables Las Vegas, L.L.C. is a Delaware limited liability
18 company with its principal place of business in Nevada. It may be served with process via its
19 registered agent, Cogency Global, Inc., at 321 W. Winnie Lane, #104, Carson City, NV 89703.
20 Upon information and belief, its sole member is Ryze Renewables, L.L.C.

21 6. Defendant Ryze Renewables Reno, L.L.C. is a Delaware limited liability
22 company with its principal place of business in Nevada. It may be served with process via its
23 registered agent, Cogency Global, Inc., at 321 W. Winnie Lane, #104, Carson City, NV 89703.
24 Upon information and belief, its sole member is Ryze Renewables, L.L.C.

1 7. Defendant Ryze Renewables, L.L.C. is a Delaware limited liability company with
2 its principal place of business in Nevada. It may be served with process via its registered agent,
3 Cogency Global, Inc., at 321 W. Winnie Lane, #104, Carson City, NV 89703. Upon information
4 and belief, its members are Ryze Capital, L.L.C., and RESC, L.L.C.

5 8. Randy Soule is an individual citizen of the State of Nevada and may be served
6 with process at 16640 Wedge Parkway, Reno, NV 89511.

7 9. Matt Pearson, Chris Dancy, and Michael Brown are all individual citizens of
8 California. They may be served with process at their place of employment, Ryze Capital
9 Partners, L.L.C., at 20 Pacifica, Suite 1010, Irvine, California 92618.

10 10. This Court has federal-question jurisdiction over this case because RB Products
11 asserts a claim for relief under the Federal Defend Trade Secrets Act, 18 U.S.C. §1836. This
12 Court has supplemental jurisdiction over Plaintiff's state law claims pursuant to 28 U.S.C.
13 §1367(a).

14 11. This Court has both general and specific personal jurisdiction over Ryze
15 Renewables, L.L.C., Ryze Renewables Reno, L.L.C., Ryze Renewables Las Vegas, L.L.C.,
16 Encore DEC, L.L.C., and RESC, L.L.C. because each of these entities has its principal place of
17 business in Nevada, and because Plaintiff's claims in this lawsuit arise out of these entities'
18 contacts with Nevada.

19 12. This Court has general jurisdiction over Randy Soule because he is an individual
20 resident of Nevada.

21 13. This Court has specific jurisdiction over Ryze Capital, Michael Brown, Matt
22 Pearson, and Chris Dancy because each of those Defendants has sufficient minimum contacts
23 with Nevada and because Plaintiff's claims in this lawsuit arise from those contracts. Pearson,
24 Brown, and Dancy, all of whom are employees of Ryze Capital, traveled numerous times to
25 Nevada in connection with the development of Ryze Renewables, Ryze Renewables Reno, and
26

1 Ryze Renewables Las Vegas, and made numerous communications to entities in Nevada that
2 contained RB Products confidential and trade-secret information. Pearson is also the managing
3 director of Ryze Renewables Reno, L.L.C. and, upon information and belief, is also the
4 managing director of Ryze Renewables, L.L.C. and Ryze Renewables Las Vegas, L.L.C. Upon
5 information and belief, both Brown and Dancy are also principals of Ryze Renewables, L.L.C.,
6 Ryze Renewables Reno, L.L.C., and Ryze Renewables Las Vegas, L.L.C. As principals of these
7 entities, and as further established below, Brown, Dancy, and Pearson caused these entities to use
8 RB Products trade-secret secret information in Nevada.
9

10 14. RB Products requests a trial by jury on all issues and claims and pays the
11 appropriate fee.

12 II.

13 FACTS

14
15 15. RB Products is a Houston, Texas-area company that specializes in the processing,
16 trading, and distribution of petrochemicals, specialty chemicals, and other oil-related products.
17 RB Products also owns and operates specialized equipment – a Hydrogenation Unit – that
18 enables RB Products to hydrogenate hydrocarbons.

19 16. One of RB Products' advertised specialties is the production of hydrogen-derived
20 renewable diesel ("HDRD"), a "green" diesel fuel that meets the same standards as petroleum-
21 based diesel but that is made with renewable feedstock such as soybean oil and distillers corn oil.
22 In 2014, RB Products underwent the rigorous process to become certified by the United States
23 Environmental Protection Agency ("EPA") under CFR 79.13(g) and CFR 80 to manufacture,
24 process, and market renewable HDRD.
25

26 17. The production of HDRDs is a valuable business model because HDRDs provide
27 manufacturers with three streams of revenue. First, like any other fuel, HDRDs can be sold
28 directly to end-users or to other oil and gas companies for further blending. Second, HDRD

1 manufacturers – like other biodiesel manufacturers – receive 1.7 renewable identification
2 numbers (“RINs”)¹ from the EPA for each gallon of HDRD produced. These valuable RINs can
3 then be sold to other oil and gas companies to enable those companies to meet their EPA-
4 mandated renewable-fuel quotas. Finally, the manufacture of HDRDs also generates tax credits
5 that, like RINs, can be sold to other entities.
6

7 18. HDRDs are also more valuable than traditional biodiesel fuels because HDRDs
8 are considered “drop in” diesel fuels – meaning, HDRDs are almost molecularly identical to
9 regular diesel and can be utilized in place of it without modifications to existing equipment or
10 infrastructure. Biodiesel, on the other hand, is functionally similar – but not chemically similar –
11 to regular diesel fuel, and may require modifications to equipment or infrastructure in order to be
12 used.
13

14 19. And unlike biodiesels – which have been around for many years – HDRDs are
15 still an emerging technology and the information concerning the manufacture of HDRDs,
16 including the process for qualifying for tax credits and RINs associated with HDRDs, is not
17 generally available or known to the public, and certainly was not generally available or known to
18 the public in the 2015/2016 timeframe.

19 **A. Ryze Capital Hires RB Products as a Subject-Matter Expert Regarding Ryze**
20 **Capital’s Contemplated Investment into a Gas-to-Liquids Facility in Port Arthur,**
21 **Texas.**

22 20. In or around October/November 2015, RB Products was approached by Ryze
23 Capital, a California-based, private equity group that was looking to invest substantial money
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26
27 ¹ The concept of RINs was created pursuant to the Renewable Fuel Standard Program, a program the EPA created in
28 response to the Energy Policy Act of 2005 that authorized the EPA to set annual quotas dictating what percentage of
the total amount of motor fuels in the US must be represented by biofuel.

1 into the construction of a new “gas-to-liquids” facility² in Port Arthur, Texas. Ryze Capital
2 wanted RB Products to act as a Texas-based subject-matter expert to assist Ryze Capital in
3 performing due diligence for the investment, and also wanted RB Products to assist with
4 securing (i) the contractors that would build the facility as well as (ii) the necessary
5 supplier/customer contracts that would ultimately determine the success of the project.
6

7 21. In November 2015, to facilitate the parties’ discussions regarding the gas-to-
8 liquids project, Ryze Capital and RB Products entered into a Mutual Non-Disclosure Agreement
9 (the “Ryze-RB Confidentiality Agreement”) that protected the confidentiality of information
10 shared between the parties. The Ryze-RB Confidentiality Agreement required each party to
11 “hold all Confidential Information in strict confidence and...not [to] disclose or use any
12 Confidential Information except as permitted by this Agreement.” The Ryze-RB Confidentiality
13 Agreement broadly defined “Confidential Information” as:
14

15 [A]ll information and any idea in whatever form, tangible or intangible, disclosed
16 (whether previously or hereafter) to a Party or its Representatives (the “Receiving
17 Party”) by another Party or its Representatives (the “Disclosing Party”),
18 pertaining in any manner to the business of the Disclosing Party or the Disclosing
19 Party’s Affiliates whether in written, oral, encoded, graphic, magnetic, electronic
20 or in any other tangible or intangible form, whether of a technical, business or
21 other nature, and whether or not labeled as confidential by the Disclosing Party or
22 otherwise provided by the Disclosing Party. “Confidential Information” includes,
23 without limitation, the following: (a) schematics, techniques, employee
24 suggestions, development tools and processes, computer printouts, computer
25 programs and software, source codes, object codes, algorithms, design drawings
26 and manuals, improvements, and “know how”; (b) information about costs,
27 profits, marketing and sales, pricing of insurance policies, funding arrangements,
28 collateral structuring to satisfy carrier requirements, client and contact lists,
contracts and other business relations with third parties, financial information,
operational procedures, analytic techniques and processes; (c) the existence, status
and content of discussions between the Parties and the existence or terms and
conditions of the Agreement; (d) plans for future development and new business
plans and product concepts; and (e) all documents, books, papers, drawings,

² A gas-to-liquids facility is a facility that transforms natural gas into liquid-fuel products, such as gasoline, diesel, and jet fuel.

1 models, sketches, and other data of any kind and description, including electronic
2 data recorded or retrieved by any means, that have been or will be given to the
3 Receiving Party by the Disclosing Party, as well as written or verbal instructions
or comments.

4 Importantly, the Ryze-RB Products Confidentiality Agreement did not limit the definition of
5 confidential information to any particular subject matter – instead, all information and any idea
6 relating to the parties’ businesses was to be kept confidential.

7 22. After several months of due diligence, and due to issues with the scalability of
8 Ryze Capital’s licensed technology, Ryze Capital determined that the gas-to-liquids facility in
9 Port Arthur would not be profitable and decided not to pursue the investment. Ryze Capital
10 instructed RB Products to be on the lookout for other potential opportunities for Ryze Capital
11 and RB Products to partner up.
12

13 **B. RB Products Introduces Ryze Capital to a New Investment Opportunity in Jackson,**
14 **Mississippi.**

15 23. In tandem with the discussion surrounding the Port Arthur project and with the
16 parties’ Confidentiality Agreement still in place, RB Products informed Ryze Capital of another
17 investment opportunity that RB Products knew of. Jaxon Energy, L.L.C. (“Jaxon Energy”)
18 owned a hydrotreater refinery in Jackson, Mississippi (the “Jaxon Energy Facility”) that it
19 wanted to re-purpose into a more lucrative facility – perhaps a polyalphaolephin-manufacturing³
20 facility – but for which it lacked the necessary capital. Jaxon Energy was partially owned by
21 Randy Soule (“Soule”). Soule is also the owner of Encore, a company that constructs
22 petrochemical facilities. RB Products had learned of the investment opportunity through Ed
23 Smith, one of RB Products’ biggest customers, who was the other part-owner of Jaxon Energy.
24
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28 ³ Polyalphaolephin is a synthetic oil used in automotive and industrial lubricants.

1 24. Ryze Capital was extremely interested in the deal and, based on RB Products'
2 introduction, began performing due diligence regarding a potential investment into the Jaxon
3 Energy Facility.

4 25. During the parties' due diligence in or around January 2016, and due to its
5 specialization in HDRDs, RB Products advocated that the parties should re-purpose the Jaxon
6 Energy Facility into an HDRD-manufacturing plant instead of a polyalphaolephin-manufacturing
7 facility. RB Products carefully explained to Soule and to Ryze Capital the process for
8 manufacturing HDRDs, the process-technology information, the tax credits and RIN credits
9 associated with HDRDs, as well as financial pro formas that RB Products had created regarding
10 the operation of the Jaxon Energy Facility as an HDRD-manufacturing facility. These financial
11 pro formas – which were based on RB Products' years of experience in the renewable-fuels
12 industry – included a compilation of historical HDRD-relevant data, such as RIN values,
13 available tax credits, fixed costs and variable costs associated with HDRD manufacturing,
14 including feedstock cost, and HDRD-sale value, none of which is generally available to the
15 public. RB Products introduced Soule and Ryze Capital to Process Dynamics,⁴ a small
16 Arkansas-based company that (i) could conduct small-scale pilot studies to develop operating
17 parameters for large-scale HDRD manufacturing, and (ii) owned a patented process that could be
18 used to manufacture HDRDs. From its prior dealings with Process Dynamics, RB Products
19 knew that Process Dynamics was willing to license its intellectual property at a substantially
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27 ⁴ Process Dynamics did not publicly advertise or market these services. Until that point, Process Dynamics had
28 been primarily engaged in research development and would only license its intellectual property to large
petrochemical companies like DuPont with whom it had previously done so.

1 lower cost (nearly 50% lower) than other existing process-technology licensors in the
2 petrochemical industry, such as Honeywell UOP and Haldor Tapsoe.⁵

3 26. Eventually, both Soule and Ryze Capital agreed with RB Products, and decided
4 that the Jaxon Energy Facility should be re-purposed into an HDRD-manufacturing facility.

5 **C. RB Products, Ryze Capital, and Soule Agree to form “NewCo,” a Large Scale**
6 **HDRD Manufacturing Facility in Reno, Nevada.**

7 27. In early 2016, and in parallel with the parties’ discussions regarding the Jaxon
8 Energy Facility,⁶ Ryze Capital, RB Products, and Soule also began discussing the re-purposing
9 of a petrochemical terminal located in Reno, Nevada (the “Reno Facility”). Provided that they
10 could obtain the necessary capital, the parties could re-purpose that facility – which was already
11 owned by Soule’s company Encore – into the United States’ largest HDRD-manufacturing
12 facility. The parties agreed that the Reno Facility would have three participants: (i) Ryze
13 Capital, which would procure the required financing; (ii) RB Products, which would provide the
14 industry expertise and know-how regarding the manufacture of HDRDs, the California Low
15 Carbon Fuel Standard program, and the generation of RINs and tax credits; and (iii)
16 Encore/Soule, which would supply the project site and construct the processing facility necessary
17 to manufacture the HDRDs. The parties also reached agreements in early February 2016
18 regarding their ownership percentages in “NewCo,” which, at that point, had not yet been
19 formed. According to the parties’ agreement, Ryze would own 10% of NewCo, and RB
20 Products and Encore would each own 45% of NewCo. On February 8, 2016, Soule emailed the
21 parties an organizational chart confirming the parties’ agreement. This organizational chart also
22
23
24

25 ⁵ Ultimately, to convert feedstock into HDRD, a manufacturer would need to utilize a process that, absent a license,
26 would invariably infringe upon a patent. Thus, it would be necessary for an HDRD manufacturer to obtain a license
to use intellectual property at the outset.

27 ⁶ The parties’ discussions concerning the Jaxon Energy Facility and the Reno Facility overlapped significantly, and
28 all information shared furthered both projects.

1 confirmed that Ray Rice, Jr. – RB Products’ owner and president – would act as the CEO for
2 NewCo.

3 28. Through the first half of 2016, RB Products devoted hundreds of man-hours to
4 providing the joint venture with the information necessary to carry out what would eventually
5 become Ryze Renewable’s HDRD-manufacturing business. RB Products shared the intimate
6 details of the HDRD manufacturing process and business model, including, but not limited to: (i)
7 process for manufacturing HDRDs from feedstock oil, including the necessary equipment,
8 facility layout, and operating parameters; (ii) the process for generating RINs and tax credits
9 based on the manufacturing of HDRD and compliance with the California Low Carbon Fuel
10 Standard program; (iii) the business model for marketing those RINs to other entities that are
11 required to buy and retire RINs; and (iv) the target suppliers and customers for HDRDs. For
12 example, RB Products disclosed to Ryze Capital and Encore/Soule the “pathway” for producing
13 HDRDs that complied with California’s Low Carbon Fuel Standard, including the required feed
14 stock, feed stock process, supply location, mode of transportation of HDRDs to California, and
15 type of processing plant. RB Products also explained the need for NewCo to utilize a special
16 variant of “distiller’s corn oil” for use as feedstock for the HDRDs. The detailed information
17 that RB Products shared is not in the public domain, nor is it readily ascertainable.

18 29. Based on the detailed, confidential, and proprietary information that RB Products
19 supplied, Ryze developed a confidential information memorandum (“Confidential Information
20 Memorandum”) that Ryze used as a prospectus to procure \$80 million in long-term debt
21 financing from lenders. The Confidential Information Memorandum – which was marked on
22 each page with the word “confidential” – contained detailed information regarding the HDRD
23 manufacturing process, including the “process flow,” the economics associated with the
24 manufacture of HDRDs, and the identity of target suppliers and customers for the company’s
25 HDRD product. The Confidential Information Memorandum also included several pages of

1 detailed pro formas that were based on the financial pro formas that RB Products had previously
2 supplied to Ryze and Encore/Soule.

3 30. Additionally, the Confidential Information Memorandum confirmed the parties'
4 agreement as to the ownership of Newco, and stated Ryze Renewables, L.L.C., the chosen name
5 of NewCo, is "[a] project by Ryze Capital land RB Products," and further stated that "Ryze
6 Capital Partners, LLC and RB Products, Inc. have formed Ryze Renewables, L.L.C."
7 (emphasis added).
8

9 31. Throughout February, March, and April 2016, RB Products continued feeding
10 Ryze and Soule with the vital, trade-secret information necessary to get NewCo up, running, and
11 funded. During this time, RB Products continued refining the Confidential Information
12 Memorandum with additional, detailed information concerning the HDRD manufacturing
13 process, RIN program, and industry. At its own expense, RB Products also roped in Weaver, a
14 third-party consulting firm, to provide some additional insight into specific questions that Ryze
15 Capital had regarding the manufacture of HDRDs.
16

17 32. Additionally, in April 2016, Ryze Capital – to make NewCo more appealing for
18 debt lenders – sought and obtained insurance to protect NewCo and its lenders in the event that
19 subsequent legislation eliminated or negatively affected the RIN market or IRS tax credits for
20 renewable-fuel businesses. Just like always, and to secure the insurance, Ryze Capital used RB
21 Products as the subject-matter expert regarding the RIN generation, NewCo's qualification for
22 RIN generation, and the circumstances in which legislation or political events would negatively
23 impact RIN credits such that an insurer would be required to pay a claim. Ryze Capital – based
24 on the information shared by RB Products – successfully procured the insurance.
25

26 33. RB Products also continued introducing Ryze Capital and Soule to potential
27 customers and clients, including POET, a supplier of "distiller's corn oil" that would act as the
28 feedstock that NewCo would convert into HDRDs. Indeed, POET even executed a non-binding

1 letter of intent *with RB Products* for the supply of 2,000 barrels of distiller's corn oil to the Reno
2 Facility.

3 34. Around June 2016, Ryze Capital – due mainly to RB Products – had the necessary
4 information and tools to acquire the \$80 million in debt financing required to re-purpose the
5 Reno Facility. Ryze and Encore/Soule represented to RB Products that the venture was now “on
6 hold” until it could secure financing.
7

8 **D. Ryze and Encore/Soule Secretly Cut RB Products Out of NewCo.**

9 35. Months went by – and then even a year – and both Ryze and Encore/Soule
10 continued to tell RB Products that they had *still* been unable to secure funding and that the
11 project was still on hold.

12 36. Both Ryze and Encore/Soule were actually lying to RB Products. In fact, in June
13 2016 – the same time that Ryze was telling RB Products that the venture was still trying to
14 procure financing – Ryze and Encore/Soule decided that they no longer needed RB Products and
15 decided to pursue Ryze Renewables, L.L.C. on their own.
16

17 37. Upon information and belief, in or around early summer 2016, Ryze and
18 Encore/Soule took the Confidential Information Memorandum, removed any reference to RB
19 Products or Ray Rice, RB's principal, and began shopping for financing. In August 2016, using
20 RB Products' information, Ryze and Encore/Soule obtained an \$84 million loan from the Greater
21 Nevada Credit Union for Ryze Renewables, which was backed by a \$67.2 million guarantee
22 from the United States Department of Agriculture. Ryze Capital and Encore/Soule, without
23 telling RB Products, also officially formed Ryze Renewables, L.L.C. in September 2016.
24

25 38. One year later, in August 2017, RB Products – much to its shock and surprise –
26 read an article on BioFuels Digest concerning Ryze Renewables' procurement of the \$84 million
27 loan to construct the HDRD facility. That same month, Biofuels Digest also wrote an article
28 exclaiming “amaz[ment]” that Ryze Renewables had – through Ryze Capital and Encore/Soule –

publicly filed confidential information concerning the manufacture of HDRDs that had eluded participants in the biofuel industry for years. When RB Products emailed Soule about the article, Soule feigned ignorance and claimed that: “the only thing true is [that the project is] all in the planning stages and may or may never happen.” Of course, as is now apparent, Soule was clearly lying: at that time, Ryze Renewables had already begun construction of the Reno⁷ Facility using the \$84 million loan it obtained from the Greater Nevada Credit Union. According to its website, Ryze Renewables is also in the process of constructing a Las Vegas facility that also manufactures HDRDs, ostensibly using the same funds and information that it used to construct the Reno Facility.⁸

III.

CLAIMS AGAINST DEFENDANT

FIRST CLAIM

(Misappropriation of Trade Secrets under Federal Defendant Trade Secrets Act and Uniform Trade Secrets Act, Against All Defendants)

39. RB Products incorporates the above factual allegations by reference herein.

40. This claim arises under the Defend Trade Secrets Acts “DTSA,” 18 U.S.C. §1836(b) and applicable state Uniform Trade Secrets Act.

41. RB Products has numerous, valuable trade-secrets relating to the manufacture of HDRDs. These trade secrets include, but are not limited to, the process by which HDRDs are manufactured, the materials needed for the manufacture of HDRDs, the process by which to earn

⁷ According to an organizational chart submitted to Nevada’s governmental agency (which was then published in the BioFuel Digest article, Ryze Capital and “RESC, L.L.C.”—a company owned and controlled by Randy Soule—are 50%/50% owners of “Ryze Renewables, L.L.C.,” which in turn is the 100% owner of Ryze Renewables Reno, L.L.C. Upon information and belief, Ryze Renewables, L.L.C. is also the 100% owner of Ryze Renewables Las Vegas, L.L.C.

⁸ <https://www.ryzerenewables.com/facilities.html> (stating that Ryze Renewables has two locations: one in Reno, and one in Las Vegas).

1 RINs and tax credits from the manufacture of HDRDs, methods of obtaining EPA certification,
2 the licensing necessary for the intellectual property for the HDRD manufacturing, financials and
3 pro formas concerning the manufacturing of HDRDs, and the identity of potential customers and
4 suppliers for HDRD businesses.

5
6 42. HDRDs are a nascent business in the United States and RB Products' trade-secret
7 information is not generally known to, and not readily ascertainable through, proper means in the
8 public domain. Indeed, as published in BioFuels Digests, participants in the biofuel industry
9 "have been clamoring for years to have an intimate look at how [HDRD] projects are described,
10 costed, financed, and detailed for public authorities...this information [concerning Ryze
11 Renewables, L.L.C.] formed a goldmine of valuable information for [Biofuel Digest] readers
12 worldwide." This article was describing the information that RB Products disclosed to
13 Defendants regarding the manufacture of HDRDs. Indeed, the fact that Ryze and Encore/Soule
14 agreed to give RB Products 45% ownership of Ryze Renewables, L.L.C. demonstrates just how
15 vital RB Products' information was.
16

17 43. Even Defendants acknowledged the proprietary and confidential nature of the
18 information concerning Ryze Renewables. Not only was the Confidential Information
19 Memorandum clearly marked "confidential," but Ryze Capital wrote to the Nevada's Governor's
20 Office of Economic Development in a September 9, 2016 letter and requested that all of the
21 information submitted to the government concerning Ryze Renewables "be kept confidential."
22

23 44. Defendants misappropriated RB Products' trade secrets by improper means by
24 using its trade-secret information to (i) obtain nearly \$100 million in financing for Ryze
25 Renewables, L.L.C., and (ii) to construct and operate more than one HDRD manufacturing
26 facility. Further, Defendants misappropriated RB Products' trade secrets because they knew that
27 RB Products had disclosed that information under circumstances giving rise to a duty to maintain
28

1 the secrecy of the trade secrets – the furtherance of the parties’ collective participation in Ryze
2 Renewables, L.L.C.

3 45. As a result of Defendants’ joint and several wrongful conduct, RB Products has
4 been damaged. Defendants’ conduct was willful and malicious, entitling RB Products to
5 exemplary damages.
6

7 46. Defendants’ conduct has caused irreparable harm to RB Products, and such harm
8 cannot be adequately compensated for in damages alone. RB Products, therefore, seeks a
9 preliminary and permanent injunction.

10 47. RB Products is further entitled to its attorneys’ fees in the prosecution of this
11 matter.
12

13 **SECOND CLAIM**
(Breach of Contract Against Ryze and Encore)

14 48. RB Products incorporates the above factual allegations by reference herein.

15 49. RB Products, Ryze, and Encore had an agreement that RB Products would own
16 45% of “Newco,” which was eventually formed as Ryze Renewables, L.L.C.
17

18 50. Ryze and Encore breached the parties’ agreement by cutting RB Products out of
19 NewCo’s ownership, and instead distributing RB Products’ ownership to themselves.

20 51. As a result of Defendants’ breach, RB Products has been damaged.

21 52. Because RB Products’ ownership interest in “Newco” is unique and cannot be
22 adequately compensated for in damages alone, RB Products has suffered, and continues to suffer,
23 irreparable harm, entitling it to preliminary and permanent injunctive relief.
24

25 53. Additionally, RB Products had entered into written confidentiality agreements
26 with Ryze, pursuant to which Ryze was obligated to maintain the secrecy of RB Products’
27 information.
28

1 54. Ryze breached its obligations under the written confidentiality agreement by
2 taking and using RB Products' trade-secret information despite secretly cutting RB Products out
3 of any ownership in Ryze Renewables, L.L.C.

4 55. RB Products is entitled to its attorney's fees in connection with this claim.

5
6 **THIRD CLAIM**
7 **(Fraud Against Ryze, Encore, and Soule)**

8 56. RB Products incorporates the above factual allegations by reference herein.

9 57. Upon information and belief, at the time that Defendants promised to give RB
10 Products a 45% ownership interest in Ryze Renewables, L.L.C, Defendants had no intention to
11 perform that promise, thereby constituting an actionable misrepresentation.

12 58. Defendants' lack of intention to perform at the time they made their promise is
13 established by their conduct. Only months after Defendants promised to give RB Products a
14 45% interest in Ryze Renewables – and only days after RB Products had finished providing the
15 venture with vital information needed to obtain financing – Defendants, in June 2016, took the
16 Confidential Information Memorandum, stripped out RB Products' name, and began seeking
17 financing. Meanwhile, Defendants purposely misled RB Products by telling RB Products that
18 the project was on "hold" until financing could be obtained, even though the funding had already
19 been obtained. Indeed, even in June 2017 – nearly a year after Defendants successfully obtained
20 over \$80 million in funding for Ryze Renewables, L.L.C. – Defendant Soule falsely represented
21 to RB Products that the project was still in the "planning stages" and may "never happen."

22
23 59. The timing of Defendants' actions in cutting RB Products out of Ryze
24 Renewables, L.L.C., and in lying to RB Products about the project being "on hold" while
25 actively moving forward with seeking and obtaining financing, establishes that Defendants
26 always planned to cut RB Products out of the project after bleeding it dry for its trade secrets,
27 subject-matter expertise, and industry knowledge and contacts.
28

60. Defendants made their false representations concerning their lack of intention to perform in order to induce RB Products to provide its trade secrets, subject-matter expertise, and industry knowledge and contacts in furtherance of Ryze Renewables, L.L.C. RB Products in fact justifiably and reasonably relied on Defendants' representations, as RB Products never would have shared all of its information had it known that Defendants were going to cut it out of Ryze Renewables, L.L.C. just months later.

61. As a result of Defendants' fraud, RB Products has been damaged in the amount of its 45% interest that it was promised in Ryze Renewables, L.L.C. and/or any other entities Defendants formed utilizing RB Products' trade secrets.

FOURTH CLAIM
(Breach of Fiduciary Duty Against Ryze and Encore)

62. RB Products incorporates the above factual allegations by reference herein.

63. RB Products, Encore, and Ryze Capital entered into a joint venture with regard to the formation and operation of Ryze Renewables, L.L.C. Because the parties reached agreements concerning their ownership percentages in Ryze Renewables – including an agreement that RB Products would own a 45% interest in Ryze Renewables – the parties necessarily came to an agreement concerning the sharing of losses and profits with respect to Ryze Renewables.

64. As participants in the joint venture, Encore and Ryze Capital owed RB Products a fiduciary duty. By committing the wrongful actions described above – namely, in stealing RB Products' trade secrets, defrauding RB Products, and in cutting RB Products out of Ryze Renewables, Defendants breached their fiduciary duties to RB Products.

65. As a result of Defendants' breach of fiduciary duty, RB Products has been damaged.

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FIFTH CLAIM

(Participation in Breach of Fiduciary Duty and Fraud Against Defendants)

66. Plaintiff incorporates the above factual allegations by reference herein.

67. Ryze Capital, L.L.C., Encore DEC, L.L.C., Ryze Renewables, L.L.C., Ryze Renewables Reno, L.L.C., RESC, L.L.C., Michael Brown, Chris Dancy, Ryze Renewables Las Vegas, L.L.C., Matt Pearson, and Randy Soule aided, abetted, assisted, encouraged, and/or directly participated in Ryze and Encore's breaches of fiduciary duty and fraud.

68. Michael Brown is the managing director and principal of Ryze. He was intimately involved the in the meetings, conversations, and emails that took place between RB Products, Ryze, and Encore/Soule from late 2015 through summer 2016 during which the parties reached agreements concerning their ownership in Ryze Renewables and in which RB Products disclosed its trade secrets. As Ryze's managing director, any decision that Ryze made to cut RB Products out from the venture and to use its trade secrets must have been made, in part, by Brown.

69. Chris Dancy is the senior vice president of Ryze. Like Michael Brown, Dancy was intimately involved the in the meetings, conversations, and emails that took place between RB Products, Ryze, and Encore/Soule from late 2015 through summer 2016 during which the parties reached agreements concerning their ownership in Ryze Renewables and in which RB Products disclosed its trade secrets. As senior vice president, any decision that Ryze made to cut RB Products out from the venture and to use its trade secrets must have been made, in part, by Dancy.

70. Matt Pearson is another managing director and principal of Ryze, and has become a manager of the Ryze Renewables entities, including Ryze Renewables Las Vegas and Ryze Renewables Reno. Like Brown and Dancy, Pearson was intimately involved the in the meetings, conversations, and emails that took place between RB Products, Ryze, and Encore/Soule from

late 2015 through summer 2016 during which the parties reached agreements concerning their ownership in Ryze Renewables and in which RB Products disclosed its trade secrets. Additionally, Pearson signed and certified the documents that Ryze submitted to the Nevada government to obtain loan guarantees and other economic incentives from Nevada, including a Sales and Tax Abatement, Modified Business Tax Abatement, Personal Property Tax Abatement, and Recycling Real Property Abatement. Pearson also submitted the September 9, 2016 letter to the Nevada Governor's Office of Economic Development requesting that the office keep Ryze Renewable's materials "confidential." As Ryze's managing director, any decision that Ryze made to cut RB Products out from the venture and to use its trade secrets must have been made, in part, by Pearson. Pearson was also the person that was actively using RB Products' information in submissions to the Nevada government.

71. By their wrongful actions, these Defendants have caused damages to RB Products.

72. By their wrongful actions, these Defendants also continue to cause irreparable harm to RB Products, which is not compensable in damages. Therefore, RB Products is entitled to a preliminary and permanent injunction against Defendants.

SIXTH CLAIM
(Declaratory Judgment)

73. Plaintiff incorporates the above factual allegations by reference herein.

74. Plaintiff is entitled to a judicial declaration of its rights, status, and other legal relations with respect to its contracts with Defendants.

75. Specifically, RB Products is entitled to a judicial declaration that it is a 45% owner of Ryze Renewables, L.L.C.

1 h. Any and all other relief RB Products may be entitled to at law or in equity.

2 **JURY DEMAND**

3 Plaintiff demands a trial by jury.

4 Dated: July 20, 2019

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